



## **DEPARTMENT OF AGRICULTURE**

### **Rural Housing Service**

Notice of Intent to Accept Applications to be an Intermediary Under the Certified Loan Application Packaging Process Within the Section 502 Direct Single Family Housing Program.

**AGENCY:** Rural Housing Service, USDA.

**ACTION:** Notice.

**SUMMARY:** The Rural Housing Service (RHS or Agency) published a final rule on April 29, 2015, in the Federal Register that amended its regulations for the section 502 direct single family housing loan program to create a certified loan application packaging process. The section 502 direct single family housing loan program is authorized in Title V of the Housing Act of 1949.

Under the certified loan application packaging process, a certified loan application packager and its qualified employer will submit applications to the Agency via an intermediary (unless the applicable Rural Development State Director approves the

certified packager to opt not to go through an intermediary). The intermediary will perform quality assurance reviews on the packaged loan applications as well as provide supplemental training, technical assistance, and support to certified packagers and qualified employers to promote quality standards and accountability.

Through this notice, the Agency will accept applications to be an intermediary under the certified loan application packaging process outlined in 7 CFR 3550.75 and other applicable regulations. Approval will be subject to fully meeting the conditions outlined within this notice and regulations, a recommendation by a review panel consisting of Agency staff at the state and national levels, and approval by the RHS Administrator.

Intermediaries operating under the loan application packaging pilot program, which expires on September 30, 2015, are not guaranteed an intermediary role beyond their participation in the pilot program and must apply under this application process should they wish to serve as an intermediary under the regulation.

**DATES:** Eligible parties interested in serving as an intermediary under the regulatory certified loan application packaging process must submit the requested items to the RHS Single Family Housing Direct Loan Division by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE **FEDERAL REGISTER**].

**ADDRESSES:** Submissions may be sent electronically to

[SFHDIRECTPROGRAM@wdc.usda.gov](mailto:SFHDIRECTPROGRAM@wdc.usda.gov) or by mail to Brooke Baumann, Branch Chief,

Single Family Housing Direct Loan Division, USDA Rural Development, 1400

Independence Avenue, S.W., Room 2211, Washington, DC 20250-0783.

**FOR FURTHER INFORMATION CONTACT:** Brooke Baumann, Branch Chief,

Single Family Housing Direct Loan Division, USDA Rural Development, Stop 0783,

1400 Independence Avenue, S.W., Washington, DC 20250-0783, Telephone: 202-690-

4250. E-mail: [brooke.baumann@wdc.usda.gov](mailto:brooke.baumann@wdc.usda.gov).

**SUPPLEMENTARY INFORMATION:** To apply to be an Agency-approved

intermediary under the certified loan application packaging process, an interested party must furnish sufficient documentation to demonstrate to the Agency's satisfaction that they meet each of the conditions specified below.

(1)(a) Be a Section 501 (c)(3) nonprofit organization as evidenced by the organization's Internal Revenue Service (IRS) nonprofit determination letter for 501 (c) (3) status.

(1)(b) Be in good standing in the State(s) of its operation as evidenced by a Certificate of Good Standing or equivalent documentation from the applicable Secretary of State(s) or recent State filings.

(1)(c) Have the capacity to serve multiple qualified employers and their Agency-certified loan application packagers throughout an entire State or entire States and have the capacity to perform quality assurance reviews on a large volume of packaged loan

applications within three to five business days of receipt.

(1)(d) Identify what State or States the interested party proposes to serve and provide details on their capacity to serve the identified State(s). Applicants with the capacity to serve multiple States will be given extra scoring points from the review panel.

(2) Be engaged in affordable housing in accordance with their regulations, articles of incorporation, or bylaws.

(3) Be financially viable and demonstrate positive operating performance as evidenced by an independent audit paid for by the applicant seeking to be an intermediary.

(4) Have at least five years of verifiable experience with the Agency's direct single family housing programs (specifically the section 502 direct single family housing loan program, the section 504 single family housing repair programs, and/or the section 523 mutual self-help housing technical assistance program). Verifiable experiences would include, but are not exclusive to, routinely leveraging resources for individual transactions (e.g. providing affordable housing products to Agency borrowers), packaging loan applications, serving as an intermediary under the loan application packaging pilot program, and/or being a self-help grantee or technical and management assistance contractor. To the greatest extent possible, the submission should detail collaborations and dollars leveraged.

(5) Demonstrate that its quality assurance staff has experience with packaging, originating, or underwriting affordable housing loans. Provide a resume for each quality assurance staff member. The breadth and depth of their combined skills and qualifications will be considered during the Agency's application review process.

(6) Provide a quality control plan that is customized to the applicant's organization. The quality control plan must show there are controls in place to process application packages that will likely result in an eligibility determination by the Agency. At a minimum, but not limited to, the plan should include: procedures for obtaining and evaluating loan application documents (e.g. credit checks and income verification); measures the applicant will take to prevent the submission of incomplete or ineligible application packages to the Agency; the standard operating procedures for employees who will be involved with or affected by the quality control process; and, procedures for ensuring accurate information is submitted to the Agency.

(7) Ensure that their quality assurance staff completes an Agency-approved loan application packaging course and successfully pass any corresponding test within a reasonable amount of time if selected. Until other methods can be considered and vetted, the sole delivery method for the loan application packaging course will be the three-day classroom training co-presented by a designated Agency staff member and sponsored by the NeighborWorks Training Institute, the Housing Assistance Council, or the Rural Community Assistance Corporation. Given the limited availability of this classroom training, the quality assurance staff will have no more than one year from the date of the intermediary's selection to complete this requirement. Intermediaries selected in this application process must submit documentation of the successful completion of the Agency-approved loan application packaging course within 30 days of course completion.

(8) Provide a letter jointly signed by the organization's Executive Director and Board President affirming the organization will not be the developer, builder, seller of, or

have any other such financial interest in the properties for which the application packages are submitted by the organization as an intermediary pursuant to this notice.

(9) Provide a training and support plan that focuses on the measures the applicant will take to provide supplemental training, technical assistance, and support to certified loan application packagers and qualified employers to promote quality standards and accountability. (Note that the Agency may require implementation of Agency-developed and/or approved training and support plan once accepted as an intermediary pursuant to this notice.)

A State Housing Finance Agency interested in being an Agency-approved intermediary must apply under this notice. A State Housing Finance Agency, however, does not need to demonstrate meeting items 1 through 5 above, given the States' HFAs purpose, vision, and structure.

If selected as an intermediary under the certified loan application packaging process, a Memorandum of Understanding (MOU) between the intermediary and the Agency must be signed. The MOU will detail the roles and responsibilities of all parties; will require the intermediary's quality assurance staff to obtain Level 2 eAuthentication identifications and submit loan application packages to the Agency via its eForms website (once this process is fully tested); and will require the intermediary to periodically demonstrate that it still meets the requirements under the regulation. This notice should not be construed as containing all those roles and responsibilities.

Decisions by the Agency on intermediary applications are not appealable to the National Appeals Division.

### **Non-Discrimination Statement**

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[http://www.usda.gov.wps/portal/usda/usdahome?navtype=Non\\_Discrimination](http://www.usda.gov.wps/portal/usda/usdahome?navtype=Non_Discrimination).

Dated: May 28, 2015.

David Lipsetz,  
Acting Administrator,  
Rural Housing Service.

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